



STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

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March 5, 2010

Cascade Natural Gas Company
C T Corporation System
1801 West Bay Drive Northwest, Suite 206
Olympia, Washington 98502-4311

**RE: Notice of Potential Liability under the Model Toxics Control Act for the
Release of Hazardous Substances at the following Hazardous Waste Site:**

- **Name:** Old Bremerton Gasworks and Sesko Property
- **Address:** 1725 Pennsylvania Avenue, Bremerton, Washington 98310
- **Kitsap County Assessor's Parcel Numbers:** 3711-000-001-0409, 3711-000-001-0607, 3711-000-022-0101 and the associated impacted aquatic lands
- **Facility/Site Number:** 2641

Dear Sir/Madam:

Under the Model Toxics Control Act (MTCA), chapter 70.105D RCW, which governs the cleanup of hazardous waste sites in Washington State, the Department of Ecology (Ecology) may identify persons that it finds are liable for the release of hazardous substances at a site. Before making such a finding, Ecology must provide persons with notice and an opportunity to comment on the proposed finding. Any person whom Ecology finds, based on credible evidence, to be liable is known as a "potentially liable person" or "PLP".

Proposed Finding of Liability

Based on credible evidence, Ecology is proposing to find the Cascade Natural Gas Company is liable under RCW 70.105D.040 for the release of hazardous substances at the Old Bremerton Gasworks and Sesko Property facility (Site). This proposed finding is based on the following evidence:

1. According to our information, the Cascade Natural Gas Company was the owner and operator of a gasification plant from 1953 until late 1960s or early 1970s located at 1725 Pennsylvania Avenue, Bremerton, Washington 98310 (Enclosure 1), and credible evidence exists indicating that a "release or threatened release" of a "hazardous substance" has occurred at the facility as defined in RCW 70.105D.020(7) and (20), which poses a threat to human health or the environment.



2. Ecology understands that the gasification plant was operated by other companies (Western Gas Company and Bremerton Gas Company) until 1953. In 1953, several local gas companies merged and formed Cascade Natural Gas Company which operated the gasification plant until late 1960s or early 1970s. Also, reports indicate that the Western Gas Company's waste disposal practices included dumping of tar-laden wood, tar-covered excelsior and soot from the water gas machine to fill a gully at the edge of the plant; dumping of tar emulsion in shallow pits dug at random on the grounds; discharge of effluent (a mixture of water, tar and oil) into the Port Washington Bay through a pipe; and other inappropriate handling of the gasification waste (Enclosure 3). Ecology believes that similar waste-handling practices were continued by the CNGC until it ceased its operation in late 1960s or early 1970s.
3. The Site was listed on Ecology's confirmed and suspected contaminated sites list in September 1994 following an initial investigation conducted from August 1993 through April 1994. In early 1995, a subsequent investigation was conducted by the Ecology as a part of the site hazard assessment (SHA) to rank the site. Results of these soil investigations showed elevated levels of polyaromatic hydrocarbons (PAHs), benzo(a)pyrene (1,810 mg/kg), benzo(b)fluoranthene (2,720 mg/kg), naphthalene (6,700 mg/kg) and phenanthrene (24,400 mg/kg) which exceed the Model Toxics Control Act (MTCA) Method A cleanup levels. Based on these results, the Site was ranked using the Washington Ranking Method. The Site scored a ranking of 1 out of a possible 5; 1 being the most contaminated site and 5 being the least contaminated site.
4. Polyaromatic hydrocarbons and some of the petroleum-related compounds are typical constituents of gasification waste. Since PAHs and other related contaminants were detected during the SHA, City of Bremerton, and Environmental Protection Agency Region 10 investigations, Ecology believes that the CNGC's previous operational activities and disposal practices have adversely impacted the Site soils, groundwater, and the adjacent sediments as discussed below. Also, Ecology recognizes that there may be other sources in the vicinity of the Site.
 - (a) In 2006, the City of Bremerton conducted a Preliminary Upland Assessment of the Site. Also, in 2008 the Environmental Protection Agency Region 10 conducted a Targeted Brownfield Assessment of the Site. As a part of these investigations, a number of soil, groundwater, and sediment samples were collected and analyzed for metals, volatile organic compounds (VOCs), semivolatile organic compounds (SVOCs), polyaromatic hydrocarbons (PAHs), and total petroleum hydrocarbons (TPH-gasoline, diesel and oil). Results of these investigations showed that concentrations of a number of metals, VOCs, SVOCs, PAHs, and TPHs exceeded the Model Toxics Control Act (MTCA) cleanup levels.

- (b) The above investigations included the collection of a number of soil samples at different depths from fourteen borings (MW-1 through MW-7, MP01 through MP03 and SP01 through SP03). Results of soil samples revealed the elevated levels of arsenic (0.83 mg/kg – 48.4 mg/kg), naphthalene (14.7 mg/kg – 2,290 mg/kg), benzene (0.04 mg/kg – 12 mg/kg), TPH-gasoline (10.6 mg/kg – 645 mg/kg), TPH-diesel (17.1 mg/kg – 30,200 mg/kg), and toxicity equivalent (TEQ) cPAHs 0.11 mg/kg – 155.5 mg/kg). The above concentrations exceed MTCA Method A and/or Method B cleanup levels (Enclosure 4).
- (c) As a part of the groundwater investigation, seven groundwater monitoring wells (MW-1 through MW-7) were installed. In addition, seven groundwater samples were collected from borings MP01 through MP04 and SP01 through SP03. Results of 12 groundwater samples showed elevated concentrations of arsenic (1.43 ug/l - 4,100 ug/l), total chromium (177 ug/l - 845,000 ug/l), lead (18.3 ug/l - 268,000 ug/l), barium (5,840,000 ug/l), benzene (25.5 ug/l - 3,100,000 ug/l), ethylbenzene (26 ug/l), TPH-gasoline (68.5 ug/l - 10,600 ug/l), TPH-diesel (447 ug/l - 18,500 ug/l), naphthalene (0.45 ug/l - 1,800,000 ug/l) and TEQ cPAHs (0.32 ug/l - 45.24 ug/l). All of these concentrations exceed MTCA Method A and/or Method B cleanup levels (Enclosure 5).
- (d) In 2008, EPA collected a total of five intertidal sediment samples (WN01 through WN05) at a depth of 30 centimeters below ground surface. These samples were analyzed as per the requirements of Sediment Management Standards (Chapter 173-204 WAC). Results of these sediment samples showed elevated levels of number of PAHs, indicating an adverse impact on the sediments (Enclosure 6).

The evidence supporting the above findings is presented in the following documents:

1. Ecology and Environment, August 2009, Final Bremerton Gasworks, Targeted Brownfields Assessment Report, Bremerton, Washington. Prepared for the United States Environmental Protection Agency, Region 10.
2. Ecology and Environment, March 2008, Bremerton Gasworks, Targeted Brownfields Assessment Sampling and Quality Assurance Plan, Bremerton, Washington. Prepared for the United States Environmental Protection Agency, Region 10.
3. HartCrowser, May 2, 2007, Historical Characterization and Data Gaps, Old Bremerton Gasworks Property, 1725 Pennsylvania Avenue, Bremerton, Washington. Prepared for the Washington State Department of Ecology.

4. GeoEngineers, October 26, 2007, Preliminary Upland Assessment report, McConkey/Sesco Site, Bremerton, Washington. Prepared for the City of Bremerton.
5. Department of Ecology, March 1995, Site Hazards Assessment Report, Old Bremerton Gasworks (Formerly Plaza and SESCO Properties), Bremerton, Washington.
6. Department of Ecology, August 1993 through April 1994, Initial Investigations Results, Ecology inspection reports and correspondences, Old Bremerton Gasworks (Formerly Plaza and SESCO Properties), Bremerton, Washington.

The reports listed above will be kept in the Central Files of the Toxics Cleanup Program, Headquarters (TCP HQ) of Ecology for review by appointment only. If you are interested in reviewing any of the above documents, please make an appointment by calling the TCP HQ resource contact at (360) 407-7224.

As a result of the evidence (information) contained in the above-cited reports, the Cascade Natural Gas Company has been identified as a party potentially liable for the existing release at the Old Bremerton Gasworks and SESCO Property site.

Opportunity to Respond to Proposed Finding of Liability

In response to Ecology's proposed finding of liability, you may either:

1. Accept CNGC's status as a PLP without admitting liability and expedite the process through a voluntary waiver of your right to comment. This may be accomplished by signing and returning the enclosed form (Enclosure 2) or by sending a letter containing similar information to Ecology.
2. Challenge CNGC's status as a PLP by submitting written comments to Ecology within thirty (30) calendar days of the date you receive this letter.
3. Choose not to comment on CNGC's status as a PLP.

Please submit your waiver or written comments to me at the address on the letterhead.

After reviewing any comments submitted or after 30 days if no response has been received, Ecology will make a final determination regarding CNGC's status as a PLP and provide you with written notice of that determination.

Identification of Other Potentially Liable Persons

Ecology has notified the following additional persons that they may be potentially liable for the release of hazardous substances at the Site:

Mr. Paul McConkey
Penn Plaza Industrial Park
1500 Thompson Drive
Bremerton, WA 98310
Telephone number: (360) 377-4457

Ms. Natasha Sesko
3536 West Arsenal Way
Bremerton, WA 98312
Telephone number: (206) 498-0758

If you are aware of any other persons who may be liable for the release of hazardous substances at the Site, Ecology encourages you to provide us with their identities and the reason with credible evidence why you believe they are liable. Ecology also suggests you contact these other persons to discuss how you can jointly work together to most efficiently clean up the Site.

Responsibility and Scope of Potential Liability

Please note that Ecology may either conduct or require PLPs to conduct remedial actions to investigate and clean up the release of hazardous substances at a site. PLPs are encouraged to initiate discussions and negotiations with Ecology and the Office of the Attorney General that may lead to an agreement on the remedial action to be conducted.

Please also note that each liable person is strictly liable, jointly and severally, for all remedial action costs and for all natural resource damages resulting from the release of hazardous substances at a site. If Ecology incurs remedial action costs in connection with the investigation or cleanup of real property and those costs are not reimbursed, then Ecology has the authority under RCW 70.105D.055 to file a lien against that real property to recover those costs.

Next Steps in Cleanup Process

In response to the release of hazardous substances at the Site, Ecology intends to meet with PLPs to determine the actions necessary to proceed with the investigation, cleanup, and to discuss the terms of a Model Toxics Control Act agreed order.

Cascade Natural Gas Company
March 5, 2010
Page 6 of 6

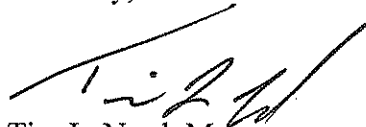
Ecology's policy is to work cooperatively with PLPs to accomplish the prompt and effective cleanup of hazardous waste sites. Please note that your cooperation in planning or conducting remedial actions at the Site is not an admission of guilt or liability. For a description of the process for cleaning up a hazardous waste site under MTCA, please refer to the enclosed fact sheet.

Contact Information

If you have any questions regarding this letter or if you would like additional information regarding the cleanup of hazardous waste sites, please call Panjini Balaraju at (360) 407-6161.

Thank you for your cooperation.

Sincerely,



Tim L. Nord, Manager
Land and Aquatic Lands Cleanup Section
Toxics Cleanup Program

Enclosures:

By certified mail 7006 3450 0001 6754 7641

cc: Howard Jensen, Tupper Mack Brower PLLC
Paul McConkey
Natasha Sesko